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Financing of the International Residual Mechanism for Criminal Tribunals

Construction of a new facility for the International Residual Mechanism for Criminal Tribunals, Arusha branch

Report of the Secretary-General

Summary

The present report is the sixth progress report on the construction of a new facility for the International Residual Mechanism for Criminal Tribunals, Arusha branch, and is submitted pursuant to paragraph 8 of General Assembly resolution 70/258. It provides an update on the project since the issuance of the previous report of the Secretary-General (A/70/698).

During the period since the previous report, the construction of the facility was substantially completed, on 1 December 2016. The project is now in the post-occupancy phase, which includes a 12-month defect liability period. The new facility has been occupied by the Mechanism since 5 December 2016.

The project remained within the approved overall budget, with a projected balance of $455,814 in the contingency provision. The use of local labour, materials and capacity was maximized throughout the project duration, in particular during the construction.

The project team continued to monitor the project closely, with the guidance of the Office of Central Support Services. The Office of Internal Oversight Services (OIOS) carried out an audit of the effectiveness of the management of the construction phase and assigned a rating of "satisfactory".

Following the timely completion of the pre-construction phase, construction began on 27 February 2015 and was scheduled to last 12 months. Owing to technical difficulties on site, construction was completed on 1 December 2016. The Mechanism, in consultation with the Office of Central Support Services and the Office of Legal Affairs, has begun and will continue to explore options to pursue appropriate recovery of direct and indirect costs arising from delays, where economically feasible, pursuant to paragraph 7 of General Assembly resolution 70/258, and the outcome will be reported in future reports on the budget of the Mechanism.

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I. Introduction

1. The project for the construction of a new facility for the Arusha branch of the International Residual Mechanism for Criminal Tribunals commenced in January 2012, following the adoption by the General Assembly of resolution 66/240 A. In that resolution, the Assembly decided to appropriate an initial amount of $3 million to cover expenses related to the conceptual design phase of the project. In its resolution 67/244 B, the General Assembly authorized the activities related to all phases of the construction of the facility and authorized the Secretary-General to establish a multi-year special account for the project. In its resolution 68/257, the General Assembly appropriated an additional amount of $5.8 million, approving a total of $8.8 million for the project.

2. Five previous progress reports have been submitted, outlining, inter alia, the project expenditure and costs, as well as the implementation of the requests and recommendations of the General Assembly. The present report constitutes the sixth progress update. It describes the progress made since the previous report (A/70/698) and provides updated information on the use of local knowledge and capacity in implementing the project, application of lessons learned, mitigation of risks, efficiencies, utilization of resources and updated expenditure and projected cost to completion.

3. This project comprises new premises to house the Mechanism in Arusha. The facility includes the first purpose-built archive building of the United Nations, containing the records of historic international criminal proceedings conducted by the International Criminal Tribunal for Rwanda. In its courtroom, the Mechanism is expected to try the last three accused of the Tribunal, who still remain at large and are considered to be among those most responsible for the genocide and other international crimes committed in Rwanda in 1994. This solemn facility, where traditional architectural elements and local material blend with specialized technology, is set to become a landmark in the region and beyond.

4. Substantial completion of the project was successfully achieved on 1 December 2016. This marked the conclusion of the construction phase and the beginning of the post-occupancy phase. The new facility is fully operational and has been occupied by the Mechanism since 5 December 2016.

5. The project remained within the approved budget of approximately $8.8 million, inclusive of the contingency provision. The contingency provision has a projected balance of $455,814. As the approved scope of the project has now been delivered, no further drawdown of the project contingency funds is envisaged. The unused portion of the contingency provision, including any unencumbered balance against the projected expenditures for 2017, would be taken into account and reported in the second performance report on the budget of the Mechanism for the biennium 2016-2017.

6. Local capacity and knowledge have been a crucial asset to the project since its inception. The use of local resources increased further during the construction phase, with labour, raw materials and signature finishes coming from the United Republic of Tanzania and the region.

7. Local knowledge co-existed in the project with the global knowledge accumulated by the United Nations in capital projects, as passed on to the Mechanism through the constant guidance of the Office of Central Support Services. The experience of the project will also add to the Organization's rich repository of lessons learned, to guide best practices.

8. To date, no safety, ethical or environmental risks in relation to the project have materialized, thanks to proactive risk management and the cooperation of all stakeholders.

9. The Secretary-General is grateful to the host State, the United Republic of Tanzania, without whose generosity and active coordination with the project team, the new facility would not exist.

10. The project was initially estimated to be completed in five years and three months, with a completion date in the first quarter of 2017 (A/66/745). While the actual occupancy was achieved ahead of this initial deadline, a delay was experienced in the revised project length, which had been reduced from five to four years, in response to a request from Member States, with a reduction of 15 months from the original timeline, as indicated in the fifth progress report (A/70/698). This was due to the slower-than-expected progress on site on account of the late delivery of the curtain wall and exterior windows. The timely shipment and delivery of the curtain wall was one of the risks identified in the fifth progress report. While fully under the responsibility of the contractor, the project team, together with the Office of Central Support Services, worked collaboratively with the contractor and the architects to identify and implement mitigation measures, described in greater detail below.

11. At the time of writing, the Mechanism had begun to consider the contractual remedies that are available to the United Nations to recover direct and indirect costs arising out of delays in the construction project.

12. The following are the main activities undertaken since the previous report:

(a) The project has continued to benefit from the close cooperation between the Mechanism and the host State, the United Republic of Tanzania. The final electrical utility connection and the Internet and telecommunication connection offered by the host State were completed at no cost to the United Nations. On 25 November 2016, the facility was opened by the Vice-President of the United Republic of Tanzania;

(b) Construction works carried out by Tanzanian contractor Jandu Plumbers Ltd. continued to progress on site, with the completion of the critical structural element of the curtain wall and the fit-out of interior and exterior areas;

(c) In early October 2016, testing and commissioning commenced;

(d) Following the conclusion of testing and commissioning, the project reached substantial completion on 1 December 2016;

(e) The Mechanism organized the move into and occupancy of the new premises. The facility has been occupied by the Mechanism since 5 December 2016 and is fully operational;

(f) OIOS concluded its audit of the effectiveness of the management of the construction phase, which resulted in an overall "satisfactory" rating, and began an audit of the post-construction phase, which is ongoing;

(g) The Mechanism continued to manage the project in consultation with its partners and stakeholders, in particular the Office of Central Support Services. During the reporting period the Mechanism continued to: (i) monitor risks and identify mitigation measures; (ii) include local knowledge and capacity; (iii) apply best practices and lessons learned; (iv) promote closer co-operation and communication amongst stakeholders; (v) liaise with neighbouring institutions; (vi) strengthen the project's regulatory framework; and (vii) exercise tight financial control;

(h) The Mechanism, in close coordination with the Office of Legal Affairs, the Procurement Division of the Office of Central Support Services and OIOS, commenced examining the options for the appropriate recovery of direct and indirect costs arising out of delays which may be attributable to the Mechanism's contractual partners, where economically feasible, pursuant to paragraph 7 of General Assembly resolution 70/258.

II. The new Mechanism premises

13. The facility serves as the new premises for the Mechanism in Arusha. Key elements of the design and the overall project scope have remained consistent with those presented in the second progress report (A/67/696), aligned with the programmatic objectives of the Mechanism, including its staffing and operational requirements. The facility revolves around a single, prominent tree, representing justice in many parts of Africa, placed at the centre of the courtyard paved with local stones from the Tanzanian coastal city of Tanga. Three buildings face onto the courtyard — the office, the archives and the courtroom. The buildings are minimalistic and multipurpose, reflecting the Security Council's vision of the Mechanism as a lean and efficient institution. Annex I to the present report contains pictures of the substantially completed premises.

14. The compound is situated within the gently sloping terrain and benefits from the natural strengths of the site. The facility blends highly specialized technology with references to traditional architectural elements from the region, found, for instance, in the conical shape of the courtroom as well as the natural stone paving comprising the open courtyard.

15. The facility takes into full consideration the Convention on the Rights of Persons with Disabilities. The entire compound, including the public areas and all buildings, are wheelchair-accessible.

Sustainability features

16. The design adheres to best practices for sustainable building in the design and construction industry. The facility was designed to minimize the consumption of energy, water and other resources, and, consequently, the long-term operating costs and emission of greenhouse gases.

17. Given the mild climate of the region throughout the year, the office building uses natural ventilation, with air conditioning only in meeting rooms and the three Principals' offices. The mild climate, coupled with the prevalence of masonry and reinforced concrete construction methods, allowed the project to make use of thermal mass to reduce dependence on artificial forms of heating and cooling, thereby reducing energy consumption. Notably in the archives building, which has stringent air temperature requirements, thick walls are used to capture heat from the sun during the day which is naturally stored in the mass of the walls to keep the air temperature inside the building warm at night. The process is reversed during the day, when the thick walls shield the indoor environment as the sun heats up the outdoor air. Additionally, the facility is equipped with an energy-efficient heating, ventilation and air-conditioning system.

18. The facility LED lighting system is also energy-efficient. To further reduce energy consumption, motion sensors have been installed in the archive repositories, the courtroom building and the bathrooms in each building; solar lights have been positioned in the courtyard and in the parking areas; and the security perimeter lights have been fitted with photocells.

19. An environmental impact assessment was conducted for this project, as reported in the previous report of the Secretary-General (A/69/734). The report concluded that no significant environmental impacts were expected as a result of the construction activities. During this phase, the contractor developed and implemented an environmental mitigation plan, and abided by relevant domestic regulations. As of substantial completion of the project, no negative environmental impact was observed by the architects, the project team or the host State.

III. Project management

A. Stakeholders

Project team

20. The project team is primarily responsible for the overall coordination and oversight of the project. The Assistant Secretary-General, then Registrar of the Mechanism, served as the project owner from the inception of the project until 31 December 2016, and managed it actively and closely. The Registrar was assisted by the Head of Registry, Arusha branch, and the project manager, who played a crucial role in coordinating the contribution of multiple stakeholders towards completion, monitoring risks and ensuring full adherence to United Nations rules and regulations.

21. The composition of the project team has remained unchanged since the hiring of the project manager in the planning phase, in April 2013. This ensured the consistency and continuity required to deliver the project successfully. As of 1 January 2017, the team is headed by the current registrar of the Mechanism, and the responsibilities of the project manager, who completed her assignment on 31 December 2016, are assumed by the Head of the General Services Unit, who is responsible for the Mechanism's facility management in Arusha. An appropriate handover has been undertaken, and continuity will be further strengthened by the technical guidance of the Office of Central Support Services and the Head of

Registry, Arusha branch. The defect liability period, which commenced as of 1 December 2016, will be managed by a team of the Mechanism's regular staff comprised of the Registrar, the Head of Registry and the Head of the General Services Unit, Arusha branch.

Host State

22. Cooperation between the Mechanism and the Government of the United Republic of Tanzania has been excellent throughout the project. The Secretary-General expresses his deep appreciation for the unwavering support from the Government and its officials, without which this project would have not been realized.

23. The host State graciously offered 16 acres of undeveloped land for the Arusha premises at no cost to the United Nations, of which approximately five have been developed. The remaining undeveloped area is an asset to the site, particularly for security reasons. Additionally, the host State provided an access road, as well as connection to water, electricity and the Internet, also free of charge to the United Nations. During the reporting period, the final electrical utility connection, the Internet and telecommunications connections were completed. The exemption of the contractor from value added tax and import duties for the project has proceeded smoothly. Implementation details of the exemption for the subcontractors and the United Nations were being finalized at the time of writing.

24. The cooperation with the host State has also been strengthened by frequent formal and informal contacts between the Mechanism and various government representatives, including through visits to the site during the construction phase by senior officials, representatives of host State agencies and technical counterparts.

25. The new facility was opened by the Vice-President of the United Republic of Tanzania, Samia Suluhu Hassan, during a ceremony held on 25 November 2016.

Other stakeholders

26. Since the previous report, the project has continued to receive the technical support of the Mechanism's Legal Team, Archives and Records Section, Public Information Section, Administration and Safety and Security Section. Additionally, technical support was provided on a consistent basis by the Chief of Administration, the Budget and Finance Office, and the Procurement Section of the International Tribunal for the Former Yugoslavia.

27. The United Nations Secretariat, in particular through the Office of Central Support Services and the Office of Legal Affairs, offered technical advice and support throughout this project. The Mechanism and the Overseas Property Management Unit of the Office of Central Support Services continued to liaise on a biweekly basis, but often much more frequently, via videoconferences, conference calls, meetings and correspondence. Owing to the overall intensity of activities during the peak construction period, the then Registrar attended biweekly coordination meetings as of November 2015 and maintained direct contact with the Office of Central Support Services.

Neighbouring institutions

28. Pursuant to paragraph 4 of General Assembly resolution 70/258, the Mechanism continued to engage with other international organizations and judicial institutions that are expected to move to the vicinity of its new premises, including the African Court on Human and Peoples' Rights, the African Union Advisory Board on Corruption and the African Institute of International Law. The Mechanism is the first of the institutions to open its new premises, and other projects in earlier stages are looking to the Mechanism for lessons learned and sharing of experiences. The Mechanism remains committed to continuing these discussions as the neighbouring projects advance, with a view to creating synergies and fostering cooperation whenever it is economical, efficient, secure and possible to do so.

B. Governance and oversight

Regulatory framework

29. The Mechanism has developed a rich regulatory framework to guide its operations and promote consistency and oversight for the project. During the reporting period, additional governance instruments were adopted, including a claims procedure, while others were revised, such as the comprehensive project manual, drawing from the global guidelines for the management of construction projects issued by the Office of Central Support Services.

Risk register

30. OIOS found that appropriate measures were in place for identifying, assessing and communicating risks and mitigation measures in both the planning and the construction phases. The risk register, developed at the initial stage of the project, continued to be regularly updated by the project team to incorporate new risks during the course of the project and continued to be reviewed on the basis of changes in circumstances that might have an impact on the identified risks.

31. Pursuant to paragraph 6 of General Assembly resolution 70/258, during the construction phase, the project team added technical, contractual, operational and financial risks and developed mitigation measures. The risk register was consistently monitored and shared with stakeholders.

Audits

32. In accordance with General Assembly resolution 67/244 B, the Office of Internal Oversight Services (OIOS) scheduled a three-stage audit process until the immediate post-construction stage. The first formal audit of the project focused on planning and governance in the pre-construction phase and was reported in the previous report (A/70/698). The first audit contained satisfactory comments, including on the procurement of architectural consultancy services, and found no critical or pervasive deficiencies. All the four important recommendations made were promptly closed.

33. The second audit, concluded on 16 February 2016, focused on the effectiveness of the management during the construction phase. The overall result was found to be "satisfactory". The project management was assessed as

satisfactory because the Mechanism had put in place appropriate controls to: (a) monitor the progress of construction and provide regular updates to senior management; and (b) manage relations with stakeholders to ensure that the project met their expectations. OIOS also found the controls over the procurement process for engaging the construction contractor to be generally satisfactory. The two recommendations that were made were promptly closed before the conclusion of the audit.

34. The third, and final, audit of the project, to cover the immediate post-construction phase, is currently under way.

IV. Progress made during the reporting period

A. Construction progress

35. After the completion of the superstructures of the archives, courtroom and ground floor of the office building in early 2016, the contractor completed all remaining works, including the interior and exterior fit-out and finishes; the installation of the electrical and plumbing elements, heating, ventilation and air-conditioning and fire suppression systems; external works, such as the drainage system; the ducting and cabling for electrical and information technology equipment; the installation of perimeter fencing; and landscaping of the courtyard, including transplanting the tree at the centre of the courtyard.

36. As reported in paragraph 50 of the previous report of the Secretary-General (A/70/698), the project continued to be subject to risks that could affect the project schedule, some of which were outside the control of the United Nations and could occur notwithstanding the mitigation measures put in place by the project team. One of these risks was that of delays in the delivery of imported material.

37. This risk materialized with respect to the delivery of the curtain wall (the exterior windows). The curtain wall is a complex structural element of the project, which features prominently in the office building. It comprises interdependent and sequential components that were manufactured by three different companies located in four countries. The components had to be cut and/or assembled in Dar es Salaam and transported to Arusha for installation. The contractor, solely responsible for the curtain wall under the construction contract, hired a subcontractor to design, source and install the curtain wall.

38. The Mechanism and the project architects were informed by the contractor at the end of February 2016 that the curtain wall had been ordered by the subcontractor. However, in April 2016 the Mechanism became aware of delays in the manufacturing and, consequently, in the shipping of key curtain wall components.

39. By the end of August 2016, all components of the curtain wall of the office building, except the glass louvres, had arrived in the United Republic of Tanzania. The installation of the curtain wall in the office building was well advanced by September 2016, with the exception of the glass louvres. These remaining components arrived in early October and were installed thereafter in the office building.

40. The testing and commissioning phase, required for reaching substantial completion, commenced in early October 2016 and continued until November 2016, to allow for all documentation and certificates of test results to be finalized by several specialist installers and subcontractors and submitted to the architects for verification.

41. The complete scope of the project as defined in the report of the Secretary-General (A/66/754) and approved by the General Assembly in its resolution A/64/240 B was delivered as of 1 December 2016. The contractor officially handed over the site to the United Nations on 4 December 2016, and staff members reported for work at the new premises on Monday, 5 December 2016.

42. With substantial completion, the construction phase of the project concluded and the project entered into the post-occupancy/defect and liability phase. This is a 12-month period starting from 1 December 2016, during which the contractor must complete any minor outstanding works or remedy any defective works, as notified by or on behalf of the United Nations. A punch list of existing defective items and minor outstanding works that the contractor must rectify or complete was generated as part of the substantial completion inspection.

B. Continued inclusion of local knowledge and capacity

43. Pursuant to paragraph 5 of General Assembly resolution 70/258, the project team continued its efforts to include local knowledge and capacity in the implementation of the project.

44. The incorporation of local elements has been a key feature of the project since its early planning phase, and continued even more robustly further to the selection of a well-established Tanzanian contractor, Jandu Plumbers Ltd. Based in Arusha, the contractor has over 50 years' experience in the United Republic of Tanzania and is fully conversant in prevalent local design and construction practices, as well as shipping, importation and sourcing labour and materials in the region. The contractor deployed approximately 200 skilled and casual labourers, and included many women from Arusha and neighbouring communities. The contractor's experience has been a crucial asset to the project.

45. All the raw materials for the project, including cement, sand, gravel and timber, are local. Multiple finishes, such as the signature elements of Tanga stone, limestone and wood, come from various parts of the United Republic of Tanzania. The tree in the courtyard, which constitutes the centrepiece of the project, was also locally sourced. To the extent possible, the design of the facility takes into account local operations and maintenance practices, and generally reduces the amount of equipment to be maintained, for example, by employing passive ventilation in the office building.

C. Lessons learned

46. In accordance with paragraph 7 of General Assembly resolution 69/276, and in order to meet the objectives of paragraph 6 of resolution 70/258, the project team continued to apply lessons learned and best practices from other capital projects,

including construction at the United Nations Office at Nairobi, the Economic Commission for Africa and United Nations Headquarters.

47. Relevant lessons learned that were applied during the reporting period include:

(a) Adherence to the Office of Central Support Services global guidelines for the management of construction projects, particularly pertaining to the substantial completion phase and the post-construction phase;

(b) Cooperation with the host State in all aspects of the project;

(c) Continuity of the project team throughout the design and construction phases;

(d) Maintenance and implantation of a rigorous and transparent communication plan among stakeholders and risk owners;

(e) Avoidance of changes of scope during the construction;

(f) Early engagement with the facilities management services and development of maintenance requirements;

(g) Due consideration to reutilization of existing furniture and equipment;

(h) Maintenance of a log of lessons learned in the project and lessons learned in other projects that have been applied to the project.

48. Additionally, the project has developed its own lessons learned and best practices, which will benefit other ongoing and future capital projects. Listed below are some of the best practices identified by the project team, which helped with the successful completion of this project:

(a) Where feasible, consideration should be given to developing the conceptual design in-house. Given that project start-up is often a slow process, an in-house design may result in financial savings, shorten the duration of the project and help foster a sense of ownership of the project among all stakeholders from its inception;

(b) Local business presence can be a strong asset to the project and should be required, both for an architect consultant and a construction contractor. Holding seminars on United Nations procurement could help ensure that international as well as local contractors have the requisite knowledge of the process to compete effectively;

(c) Joint meetings, as appropriate, among the United Nations, the contractor and its subcontractors to review status of ordering, delivery and installation should be held to minimize the risk of delays and to identify and develop mitigation measures;

(d) A United Nations coordinator should be on site to coordinate the work of the main contractor and other contractors installing United Nations equipment, if required. This will help minimize the risk of disruptions of each contractor's works;

(e) Cost savings may be achieved by reusing existing assets to the maximum extent possible;

(f) Careful consideration should be given to the timing of the exercise of delay damages, without prejudice to reserving the right to do so as appropriate.

D. Post-construction phase

49. With the achievement of substantial completion, the Mechanism has entered the post-construction phase and has been occupying the buildings since 5 December 2016.

50. As reflected in the previous report of the Secretary-General, shortly after the commencement of works on site, the then Registrar created a dedicated working group to identify and coordinate all actions required to ensure the timely and efficient occupation of the new facility immediately after substantial completion. The Working Group was composed of the then Registrar, the Chief of Administration of the International Tribunal for the Former Yugoslavia, the project team, the Chiefs of Security, Information Technology, General Services and Procurement of the Tribunal, the project manager, Administration and legal officers of the Mechanism in Arusha. The Working Group also received technical guidance and support from the Office of Central Support Services.

51. As the move date approached, the then Registrar also created a dedicated task force within the Working Group to lead the last technical and practical operations on the ground.

52. The Working Group enabled the identification and transfer of reusable assets for the new premises, led the procurement of necessary assets and equipment, identified end users and their requirements, planned for and largely implemented the move of staff, archives and assets, and coordinated the installation of technical equipment under the responsibility of the United Nations. In its second audit of the project, OIOS acknowledged the positive role of the Working Group.

Move

53. The move proceeded smoothly, from 26 November to 5 December 2016, as scheduled. All staff, necessary equipment, digital archives and the library were moved and all are functioning properly. Mechanism staff members were kept regularly informed as to all stages of the move and were provided with guidance in town hall meetings and in writing. Among other things, the process entailed the packing of furniture and equipment from the Mechanism's previous office, the installation of furniture and equipment and the secure transfer of sensitive records. Crucial to the move was the successful transfer and installation of the Mechanism's information and communications technology equipment, which connects onto a single platform at the Mechanism's offices in Arusha, The Hague and Kigali.

54. Due to technical and security requirements, the transfer of the physical archives is scheduled to occur in a phased manner over a period of five weeks in early 2017. Pending their move, the archives remain secure in the previous premises of the Mechanism.

Transition from construction project to building management

55. The Project Manager effected a comprehensive handover to key staff of the Mechanism Administration in Arusha to ensure the smooth transition and continuity of knowledge in the subsequent operation and maintenance of the facility. As part of the handover process, the team in charge of managing the new premises received the

operations and maintenance manual. The Manual includes: the punch list of minor outstanding and defective works; the testing and commissioning results of all equipment, works and systems; user manuals for systems and equipment; certificates of specialist installers, for example, for the firefighting and suppression systems; manufacturers' maintenance recommendations and requirements; warranties and maintenance agreements; official stamped drawings; details of material used; and contact details of all suppliers and manufacturers. Relevant staff were provided with training and orientation for the main systems in the facility. Keys and spare parts were handed over. The General Services Officer of the Arusha branch of the Mechanism assumed his responsibilities as the designated focal point for the project during the defect liability period.

V. Project schedule

56. In accordance with Security Council resolution 1966 (2010), the Mechanism commenced operations at its Arusha branch on 1 July 2012.

57. As regards the construction of a new facility for the Arusha branch of the Mechanism, the project, which commenced in January 2012, was initially estimated to last five years and three months, with occupancy in the first quarter of 2017 (see A/66/754). In response to a request by the General Assembly, the project length was subsequently shortened to four years, with a reduction of 15 months from the original timeline, as reported in the report of the Secretary-General (A/67/696).

58. In line with the revised time frame, the project entered its fourth year with all the activities of the pre-construction phase having been successfully completed. According to the construction contract and the project timeline (see A/69/734), construction works were scheduled to be completed within 12 months, from 27 February 2015.

59. In the previous report of the Secretary-General, however, the actual completion of works was anticipated by May 2016, as a consequence of slower-than-expected progress on site due to a topographical error and site management turnover and consequent quality control issues. It was cautioned in the previous report that the project was still subject to risks that could further affect the schedule, including possible delays in the shipment and delivery of long lead-time material.

60. This risk materialized in the delayed delivery of the curtain wall. While this delay was outside the control of the United Nations, the Mechanism immediately and proactively sought solutions. From April 2016, when the issue surfaced, the Mechanism:

(a) Assisted the contractor to develop an action plan for the sequencing of the curtain wall installation based on the manufacturing and delivery schedules;

(b) Arranged with the contractor, and assisted in directly contacting the suppliers of different components in various countries to seek expedited production;

(c) Offered assistance with logistics for items to be transported by air freight to expedite delivery times;

(d) Maintained close communication with both the contractor and subcontractor, including in several meetings led by the then Registrar;

(e) Continued to brief and seek any appropriate assistance from the host State; and

(f) Helped identify temporary measures to enable continued progress on the fit-out of the interior finishes.

61. The Mechanism regrets this slower-than-expected progress during the construction phase. It continued to spare no efforts, together with the Office of Central Support Services and other stakeholders, towards the most expeditious completion of works, while maintaining the required scope, quality standards, safety requirements and oversight mechanisms. It is noted that substantial completion and occupancy were achieved significantly ahead of the originally estimated completion date set for the first quarter of 2017.

62. A revised project schedule, which takes into account the above, is presented in annex II.

VI. Contracted services

Construction contract

63. Over the reporting period, the project team continued to manage the contract of the construction contractor, Jandu Plumbers Ltd.

64. The contractual timeline for the construction of 12 months shifted from 28 February 2016 to 6 April 2016, owing to the unforeseen topographical error, which halted works for 38 days at the onset of the construction phase, as described in the previous report of the Secretary-General. As this error was not imputable to the contractor, the date of contractual completion for the construction company was extended accordingly.

65. Subsequently, the contractual completion date shifted from 6 April 2016 to 16 May 2016 due to a substitution in the heating, ventilation and air-conditioning system proposed by the contractor. The substitution resulted in a system with better efficiency rating and full after-sale support in the region, at no additional cost to the United Nations. While the substitution was beneficial to the United Nations and was approved, the United Nations was required to undertake an independent review of the proposed substitution in addition to the assessment of the architects. The additional review caused a delay in the contractor's ordering procedures, and the United Nations therefore granted a further extension of the contractual completion date from 6 April to 16 May 2016. The delay in the ordering of the improved heating, ventilation and air-conditioning system had no impact on the actual overall progress or pace of the works on site, as work never stopped during the review of the substitution and the substituted item was required only at a later stage in the project.

66. Nevertheless, the 16 May 2016 contractual completion deadline was not met, owing primarily to extensive delays by the contractor in delivering the curtain wall — or exterior windows for the facility, as described in section IV of the present report. The delay between the contractual and substantial completion dates, where attributable to the contractor, may result in the application of certain contractual remedies, including delay damages, in favour of the United Nations.

67. Pursuant to paragraph 7 of General Assembly resolution 70/258, the Secretary-General is requested to pursue the recovery of the direct and indirect costs arising from errors and delays, where it is economically feasible to do so. The United Nations intends to exercise such claims for recovery as appropriate, the outcome of which will be reported in the context of future reports on the budget of the Mechanism.

68. In this respect, the Mechanism consulted with the Office of Legal Affairs and the Office of Central Support Services regarding a number of factors, including the timing of such actions. It was agreed that the Mechanism should not seek to invoke the delay damages clause prior to substantial completion of the project, so as not to risk further delay to occupancy and use of the facility by the United Nations. It was therefore agreed that consideration of any such contractual remedies would be best assessed during the post-construction stage of the project.

69. In January 2017, the United Nations notified the contractor that payment for substantial completion would be withheld, pending assessment by the United Nations of any delay damages and additional fees payable by the United Nations to its consultants in connection with the delay. As of the drafting of the present report, discussions between the United Nations and the contractor were ongoing.

Architectural services contract

70. During the reporting period, the project team continued to manage the full architectural services contract with the architectural and engineering consulting firm, Ridge and Partners LLP, operating out of Oxford, United Kingdom, which partnered on the project with a subconsultant, FBW Architects and Engineers Ltd., operating out of Kampala.

71. During the construction phase, the architects provided construction administration and site supervision services, with the assistance of their resident supervisory team. They monitored construction progress and ensured that works met design and quality specifications, reviewed the contractor's material submissions and work programmes, evaluated change orders and substitutions proposed by the contractor and recommended interim payments to the contractor.

72. During the reporting period, three amendments to the architectural contract were executed. The first amendment extended the construction phase by 38 days to account for the delay incurred as a result of the topographical error referred to above, at no cost to the United Nations. The second amendment was to increase the architects' presence on site and for the provision of additional services, capped as a provisional amount of $65,000, to be paid only for services needed to expedite substantial completion through additional on-site assessments and review of critical construction activities, identification of strategies to achieve substantial completion, and the provision of daily status updates. The third amendment extended the construction stage after 6 April 2016 for the purpose of architectural services to be provided, with a maximum cap of $124,200, until substantial completion.

73. Pursuant to the full architectural services contract, the architects are to provide multiple services during the defect liability period, including inspecting the completion of the punch list; reviewing the operations and maintenance manuals; and providing a building performance evaluation report. At the end of the liability

period they will provide their recommendation regarding the final acceptance of the works by the United Nations.

VII. Project expenditures and costs

74. The total budget approved for the project amounts to $8,787,733 (inclusive of a contingency provision in the amount of $1,050,371). Substantial completion of the project was achieved within the total approved budget. The tables below show actual expenditure up to 31 December 2016 and projected expenditure during the remainder of the project. Actual and projected expenditures from 2013 to 2017 (excluding contingency) as well as expenditures against the contingency are detailed in the tables below.

Table 1

Disbursements and obligations for the period 2013-2017 (excluding contingency)

(United States dollars)

		Expenditures									
Description	*Approved*[a]	*2013*	*2014 actual disbursements according to 2014 financial statements*	*2015 actual disbursements according to 2015 financial statements*	*2016 interim disbursements as of 31 December 2016*	*2016 obligations to be disbursed in 2017*	*Projected expenditure from January 2017 until completion of the project*[c]	*Total expenditure*	*Deficit to be covered by contingency*	*Redeployment*	*Revised deficit to be covered by contingency*
	a	*b*	*c*	*d*	*e*	*f*	*g*	*h=(b to g)*	*i=(a-h)*	*j*	*k=(i+j)*
I. Construction[b]	**6 365 887**	–	**2 912**	**1 104 044**	**4 416 024**	**261 113**	**833 218**	**6 617 311**	**(251 424)**	–	**(251 424)**
II. Architect and project management											
Architect fees[b]	636 589	–	399 222	77 470	174 308	135 572	189 200	975 772	(339 183)	–	(339 183)
Project supervision and management[c]	635 800	155 919	143 172	154 582	159 200	–	–	612 873	22 927	(22 927)	–
Travel[d]	99 086	12 396	54 475	59 092	–	–	–	125 963	(26 877)	22 927	(3 950)
Subtotal, II	**1 371 475**	**168 315**	**596 869**	**291 144**	**333 508**	**135 572**	**189 200**	**1 714 608**	**(343 133)**	–	**(343 133)**
Total project cost (excluding contingency)	**7 737 362**	**168 315**	**599 781**	**1 395 188**	**4 749 532**	**396 685**	**1 022 418**	**8 331 919**	**(594 557)**	–	**(594 557)**

[a] Approved budget as presented in A/67/696, annex II.

[b] Reflects the cost of hiring an external architectural consultant firm to produce detailed construction documents, perform construction administration duties and assume the responsibility of the architect of record.

[c] Reflects the cost of hiring a project manager for the day-to-day management and coordination of project activities.

[d] Reflects the cost of the travel of staff between New York, The Hague and Arusha to provide technical assistance to the project.

[e] Corresponds to the portion of the contract not obligated against the 2015-2016 budget to be obligated in 2017.

Contingency provision and expenditures against the contingency

Table 2

Breakdown of contingency provisions and expenditure for the period 2013-2017

(United States dollars)

	Approved contingency[a]	*Expenditure against contingency*				*Total remaining contingency*
Description		*2015*	*2016*	*2017*	*Total*	
	a	*b*	*c*	*d*	*e=(b+c+d)*	*f=(a-e)*
I. Construction[b]	**954 883**		**251 424**		**251 424**	**703 459**
II. Architect and project management[c]						
Architect fees	95 488	64 272	85 711	189 200	339 183	(243 695)
Project supervision and management	–	–	–	–	–	–
Travel	–	–	–	3 950	3 950	(3 950)
Subtotal, II	**95 488**	**64 272**	**85 711**	**193 150**	**343 133**	**(247 645)**
Total	**1 050 371**	**64 272**	**337 135**	**193 150**	**594 557**	**455 814**

[a] Approved contingency provision as presented in A/67/696, annex II.

[b] Calculated at 15 per cent of the construction costs and architect fees.

[c] Architect's amendment 2 in the amount of $65,000 and amendment 3 in the amount of US$ 124,200.

Use of contingency

75. On the basis of lessons learned from other capital projects, and in line with industry best practice, the General Assembly approved, as proposed by the Secretary-General, a contingency provision of $1,050,371, representing 15 per cent of the estimated project cost.

76. A total of $594,557 in expenditures is expected to be charged to the contingency fund. This amount represents an increase of $278,861 as compared with the estimate of $315,696 reported in the previous report of the Secretary-General. The difference is mainly due to additional requirements to cover: (a) the extended project supervision and management due to the slower-than-expected progress, and (b) the fees for additional and extended architectural services required pursuant to the second and third contractual amendments described above, with a view to expediting substantial completion and to extending the services of the architects through to substantial completion due to the slower-than-expected progress.

77. These drawdowns are in line with industry best practice and also with the Board of Auditors' recommendation that contingency is a specific budgetary provision allocated to address expeditiously the cost impact of project risks, should they arise, without the need to delay the project and request increased funding. A robust analysis was undertaken by the project team, in close consultation with the Office of Legal Affairs and the Office of Central Support Services, before entering into these contractual amendments. This analysis considered, in particular, the following circumstances:

(a) The amendments were concluded in full adherence with the United Nations procurement guidelines. The monetary value of these amendments was consistent and in line with the fees at the 2013 rate under the existing contract;

(b) Other options were unsuitable, including rebidding at a critical phase of the construction and use of internal resources which would have entailed, among other things, potential issues regarding the professional liability for the project;

(c) The use of contingency remained within the appropriated overall budget and within the intended use of contingency provisions.

78. As of substantial completion, the project contingency provision had a projected balance of $455,814. The unused portion of the contingency provision, including any unencumbered balance against the projected expenditures for 2017, would be taken into account and reported in the context of the second performance report on the budget of the Mechanism for the biennium 2016-2017.

79. As the approved scope of the project has now been delivered, no further drawdown of the project contingency funds is foreseen.

Efficient allocation of resources

80. The consistent commitment of the Secretary-General to allocating resources in the most effective manner and to seeking efficiencies, pursuant to paragraph 4 of General Assembly resolution 70/258, helped to ensure that the project was completed within the overall budget.

81. During the reporting period, six change orders, mostly related to minor adjustments based on the actual site conditions, were issued, in line with best practices in capital projects that change orders should be kept to a minimum. By offsetting them with opportunities for savings, none of the issued change orders resulted in additional costs to the project. Additionally, all change orders followed the procedure adopted by the project team, which strictly adheres to the provisions of the Financial Regulations and Rules of the United Nations and the United Nations Procurement Manual, and incorporates oversight mechanisms.

82. During the reporting period, the Mechanism also continued to actively engage with the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia regarding the reuse of existing assets which resulted in savings and efficiencies. The transfer of the assets of the International Criminal Tribunal was concluded during the reporting period, with the end of the liquidation team of the International Criminal Tribunal. The Mechanism has received from the International Criminal Tribunal, since the commencement of its Arusha branch, $7.8 million worth of assets. Of this amount, $5.6 million reflects the value of assets that have been specifically used at the new facility. This includes office furniture, as well as office, security and information technology equipment.

VIII. Actions to be taken by the General Assembly

83. **The General Assembly is requested to take note of the present report.**

Annex I

Architectural design rendering of the new Arusha premises of the Mechanism, 2014

New Arusha premises of the Mechanism as at substantial completion, 1 December 2016

Annex II

Project schedule

Project schedule for the new facility of the International Residual Mechanism for Criminal Tribunals, Arusha branch, as of December 2016

Activity	2014	2015				2016			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Tender for construction contract									
Contract negotiations, award and mobilization									
Construction and interior fit-out									
Occupancy									

Legend:

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Actual progress

Occupancy